Finance Committee
April 5, 2023
Regular Meeting Minutes

A Regular Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on April 5, 2023. Present via video or audio conferencing were:

Finance Committee Members Present:

Bert Hunter
Jim Hayden
Carl Fortuna

Other Members Present:

None

MIRA Staff Present:

Mark Daley, President and CFO
Cheryl Kaminsky, Comptroller
Tom Gaffey, Director of Recycling and Enforcement
Roger Guzowski, Supply Chain Manager
Dave Bodendorf, Manager of Engineering, Construction and Power Assets

Others: None

PUBLIC COMMENT

Chairman Hunter called the meeting to order at 9:30 a.m. Committee Chairman Hunter determined that there were no members of the public who wished to comment and proceeded with the agenda.

1. Approval of the Minutes of the March 1, 2023 Finance Committee Meeting.

Committee Chairman Hunter requested a motion to accept the minutes of the March 1, 2023 Finance Committee meeting. The motion to approve the minutes was made by Director Hayden and seconded by Director Fortuna.

The motion to accept the minutes was approved unanimously.

2. Discussion Regarding Designation of Personnel to Evaluate Qualifications Submitted for Outside Counsel

Committee Chairman Hunter requested Mr. Daley brief the Committee on the matter.

Mr. Daley informed the Committee that MIRA's current agreements for outside legal services expire June 30, 2023. We have completed the RFP process and have proposals from 8 firms proposing multiple categories of service. He said in order to have new agreements in place by July 1st we would like to get to the May Board with recommended awards. He further stated this will be a super majority vote under the presumption that expenditures would exceed $50,000 over the course of the 3 year contracts.

Mr. Daley added that we included a background piece in the package addressing the requirement for Finance Committee to designate personnel to evaluate qualifications submitted. There have been times when directors were included, and times when directors relied on management. The Director of Legal Services was always involved (which we no longer have).

Mr. Daley stated that, for this reason, he would recommend two evaluators from management including himself and Roger Guzowski and if a Committee member(s) would like to join that is fine as long as the May Board deadline is met. We will come to Finance with Recommendations to award in May.

The Committee discussed the need for a super majority and related challenges, and if there is a vote of the Committee needed. Mr. Daley stated that a consensus of the Committee would suffice. The Committee also addressed the nature of the selection if firms were typically eliminated or put under contract, the number of firms currently under contract and if a scoring rubric was typically used. Mr. Guzowski described the prior scoring systems used. The consensus of the Committee was to agree with management's recommendation. The Committee further requested copies of the qualifications for review (and comment if deemed necessary). Mr. Daley stated he would distribute copies immediately following the meeting.

3. Discussion Regarding Renewal of Property, Casualty and Executive Liability for Fiscal Year 2024.

Committee Chairman Hunter requested Mr. Daley brief the Committee on the matter.

Mr. Daley stated we have started the process to renew our coverages that expire July 1st. We included a background piece that documents the information we have already provided to Beecher Carlson for the renewals. This is essentially everything they need except for the schedule of values and solar application which will be provided early next week. He said the current schedule of values totals $18.8 million including the 4 transfer stations, 211 and 171 Murphy Road, facilities at the Shelton landfill and the Hartford solar project.

Mr. Daley added that the schedule does not include the RRF or Jets which were previously excluded. He said the schedule has been reviewed internally but not sent back to Beecher yet. We will be changing the office location from Rocky Hill to the WPF office and adjusting the IT / content values. The background piece also includes the current coverages, limits, deductibles and premiums in place. He said management's intent is to renew the current program with the office change but if there are questions or concerns we can take them now and have Beecher address them as we move forward. Mr. Daley stated we will ultimately need Board approval to bind coverages by the June meeting and will have Beecher brief the Committee either in May or June and this to will require a super majority.

Committee Chairmen Hunter inquired if Beecher would make any recommendations for coverage changes as part of their scope if they felt that was necessary. Mr. Daley confirms they would make recommendations they felt were necessary and we have provided them all the information on changes that have occurred. The Committee further discussed the challenges of a super majority requirement and potential changes associated with HB 6664 if that were adopted. The consensus of the Committee was that it is the current Board's responsibility to proceed on course to bind coverage.

4. Review and Approve Draft Resolution Regarding Approval of Spot Waste Solicitation Conducted in March 2023.

Committee Chairman Hunter requested a motion on the aforementioned resolution. The motion was made by Director Hayden and seconded by Director Fortuna.

Mr. Daley stated we did undertake a solicitation for spot waste as permitted in our procedures for market driven purchases. This has previously been assigned to P&P and is now being taken up by Finance. He said we essentially have a shortage of waste delivered to Preston that is causing potential delivery penalties that we are trying to mitigate. As indicted in the attachment, we awarded 280 tons per week to the Eastern Transfer Station at a price of $75 per ton direct to Preston on our account which requires no handling by MIRA. He said this effectively reduces our penalty by $30 per ton for 650 tons per month and by $20 per ton for 470 tons per month based on the sliding scale of fees we pay Covanta. This results in the total savings of $86,700 shown in the resolution and background. Mr. Daley added that the converse of these calculations is what we estimate as a penalty amount which totals $81,300.

Committee Chairman Hunter commented that the solicitation seems worthwhile in cutting the penalty in half and inquired if there were other comments. Director Hayden inquired if this impacted potential enforcement of diversions. Mr. Daley stated that was a separate matter we are addressing. Hearing no further comments Committee Chairman Hunter requested a vote. The aforementioned resolution was approved unanimously.

5. Discussion of Information Reports

Committee Chairman Hunter requested Mr. Daley review the Informational Reports.

Mr. Daley stated we are reporting for the period ending 2/28/2023.

The Property Division generated $950,000 in total accrued revenue in February which was 39.3% above budget due to strong capacity, reserve and interest earnings. Year to date accrued revenue is now at $8.79 million which is $2.76 million or 45.8% above budget. He said Property Division operating expenses were 54.2% below budget in February with savings in NAES on site incentives and operational contingency budgeted for February through June. Year to date operational expenses are 44.4% over budget. Mr. Daley added that the Property Division's operational contingency which is allocated from February through May remains adequate to compensate for the operational expense deficit as planned by the end of the year. The Property Division has generated total operating income of $5.59 million year to date which is $1.78 million or 46.6% above budget.

Mr. Daley stated that the CSWS generated $590 thousand in total accrued revenue in February which was 15.8% below budget. Deficits in participating town deliveries were partially offset by surplus other energy market revenue and interest income. Year to date total accrued revenue is 25.5% below budget due to the early shut down of the plant. He said CSWS operating expenses were 19.2% under budget in February primarily due to savings in administrative, operational, waste transportation and NAES on site incentive costs. Year to date total accrued expenditures are 15.1% under budget. Mr. Daley added that the CSWS has incurred a year to date operating loss of $5.3 million which is $246 thousand worse than budget. The CSWS transition contingency is adequate to accommodate the higher operating loss driven by the early shut down.

Mr. Daley stated that waste deliveries remained under budget due to diversion of CSWS waste. Our anticipated improvement in deliveries in November did not occur because the diversions continue. MIRA has followed up with DEEP on its prior requests for assistance and is now pursuing additional possible remedies.

Mr. Daley added that, in terms of cash flow, the Property Division generated sufficient receipts to transfer $22 thousand to the Property Division General Fund since we reached the cap on distributions to the tip fee stabilization fund. Since the Property Division operational contingency is allocated for February to June you will now see growth in the balance of the Property Division operating account. The CSWS drew $599 thousand from the fund in support of its operations.

Mr. Daley further stated that we have a request from the operator of the Essex Transfer Station to use one of our bays for recycling deliveries from Old Lyme which is a town that opted out of MIRA last year. We have been offered effectively $5 per ton for this accommodation which would generate up to $7,000 per year. Management's view is that this is an accommodation. It is not something that solves a problem MIRA has which is under delivery of MSW to Preston. We have advised CWPM this would be more attractive if it solved or mitigated this problem. In the meantime we want to mention it here and get any feedback.

Mr. Daley added he has a quick update on the Golf Center lease. We have established a hold over tenancy effective May 1st under the terms of the lease. This provides rent at 150% of the then current amount. The increase is from $20,000 to $30,000 per year. The appraisal of the property is underway.

Mr. Daley noted that the Finance Committee now receives the purchasing and contracts reports previously reviewed by the P&P Committee and requested Roger Guzowski review those reports. Mr. Guzowski described the underlying requirement and structure of the report on vendors that have exceeded $50,000 on cumulative contracts including the content of the current report. Mr. Guzowski also described the requirement, structure and content of the report on exceptions to the competitive process and information regarding upcoming solicitations. The Committee accepted the reports.

6. Adjournment

Committee Chairman Hunter adjourned the meeting at 10:14 a.m.